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BALTIMORE SUN
2 September 1985

Soviets must slash oil exports

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MOSCOW — Serious extraction problems at main production fields in Siberia are forcing the Soviet Union to slash its oil exports, the country's chief source of hard currency revenue.

Western industry analysts believe that the Soviets may have to cut their sales of crude oil by as much as one-third.

But Finland's state-owned oil company, Neste, said last week that the cutback in its contracts would be somewhat smaller than that.

Neste, which has contracted to import a minimum of 8 million tons of crude this year, said it had been told by the Soviets to expect up to 2 million tons less.

"The exact amount of the shortfall cannot be estimated, because deliveries for the rest of the year have not been made yet," said Helena Haapalinna, a Neste official.

"The Soviets have real problems," one diplomatic observer said.

The Soviet Union is the world's largest oil producer. But since about half of its exports are going to its allies in Eastern Europe, the country's impact on the world oil markets is relatively small.

But oil sales have a considerable domestic impact, since about 60 percent of Moscow's hard currency earnings come from oil sales to the West.

Thus, any sizable export cutback is likely to trigger a chain reaction that may curtail Soviet overseas purchases as well as the country's internal growth.

The oil production problems come at a particularly bad time.

Mikhail S. Gorbachev, the new Kremlin leader, has ordered a sweeping modernization drive throughout the Soviet economy. To finance it, he needs hard currency, which now will not be coming in the expected amounts.

He also has to channel much of that hard currency for purchases of sophisticated Western oil recovery technology.

The crisis has been a long time coming.

Beginning in 1977, CIA analysts have been predicting that the Soviet oil industry would face increasing problems in the 1980s because of extraordinarily difficult conditions in Western Siberia.

Those predictions are now coming true.

Early this year, Soviet crude oil deliveries to Western Europe were interrupted because of extraction problems in Western Siberia, which has become the country's main oil field during the past decade.

As a result, oil minister Nikolai Maltsev was fired in February and replaced by the minister for the gas industry, Vasili Dinkov.

Despite other personnel shifts, problems continue.

Currently, 20 percent of the wells near the West Siberian city of Tyumen are out of service, according to the *Ekonomicheskaya Gazeta* newspaper.

"That the oil treasures of West Siberia appear to be running out earlier than expected is ultimately a matter of bad luck," Georgetown University's Thane Gustafson writes in the current issue of a new journal, *Soviet Economy*.

According to his analysis, "The root of the problem is two decades of unbalanced policy."

"Exploration has been systematically neglected in favor of development, and the West Siberian oil industry has been built on too narrow a base," Mr. Gustafson says.

Vladimir Chirskov, the minister responsible for oil and gas construction, also predicts difficult times ahead.

"By now, almost all major fields are being tapped and experts have to pass to the development of smaller fields with lower outputs," he said last week.